

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7357**

**BILL NUMBER:** SB 434

**NOTE PREPARED:** Jan 22, 2015

**BILL AMENDED:**

**SUBJECT:** Financial Aid and Tuition.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Resident Tuition:* This bill provides that a person who: (1) is a nonresident; (2) is a member of the Indiana National Guard; and (3) attends a state educational institution; is eligible to pay the resident tuition rate for undergraduate and graduate courses.

The bill provides that certain: (1) veterans; (2) Purple Heart recipients; and (3) persons who serve on active military duty; are eligible to pay the resident tuition rate for graduate courses.

*National Guard:* The bill provides that the Commission for Higher Education: (1) may consider only the residency status of a student; and (2) may not consider the residency status of the student's parents or legal guardian even if the student is considered a dependent for purposes of federal or state financial aid; for purposes of eligibility for the National Guard tuition supplement program and the National Guard scholarship extension program.

*Accounting:* The bill provides that money in the National Guard Tuition Supplement Program Fund shall be used to provide annual scholarships in an amount that is equal to a full tuition scholarship to attend the state educational institution. (Current law provides for an alternative amount that is equal to the balance required to attend the state educational institution if the scholarship applicant receives other financial assistance specifically designated for educational costs.)

*CVO:* The bill amends the cumulative grade point average requirements for certain tuition and fee exemptions for children of veterans.

*EARN:* The bill amends the definition of "eligible student" for purposes of the employment aid readiness

network (EARN) Indiana program.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *Resident Tuition:* The bill could reduce tuition and fee revenue of state educational institutions from out-of-state students. It is unknown how many students might be able to pay resident tuition and fees instead of nonresident tuition and fees. The difference in resident and nonresident tuition is between \$2,014 to \$22,853 depending on the educational institution.

*National Guard:* The bill could increase the number of students that might be eligible for the National Guard Tuition Supplement Program and the National Guard Scholarship Extension Program. It is unknown how many students are denied a scholarship due to their parents' residency. For FY 2014, 733 students received about \$3.5 M, or \$4,512 per student, in National Guard Supplemental Grants.

The provision not allowing a student to qualify for both the Higher Education Award and the National Guard Tuition Supplement Grant or a Scholarship under the National Guard Scholarship Extension Program is done so the accurate cost of the national guard program is known. The provision should have no fiscal impact.

*Accounting:* Requiring the the National Guard Tuition Supplement Program Fund to be used to provide annual scholarships in an amount that is equal to a full tuition scholarship to attend a state educational institution instead of the portion after other awards have been applied should have not fiscal impact. The change will provide better information on the full cost of the program.

*CVO:* No students have currently lost funding due to cumulative grade point average requirements. The requirement was repealed on other scholarships. The change should have no fiscal impact.

*EARN:* The bill would change the definition of eligible student to include a student that is offered an award to a student that meets the financial eligibility requirement regardless of the date the application is filed. The bill could increase the number of students that would be eligible to participate in the EARN program. Last year, about 187 students participated in the program with a cost of about \$366,627, or about \$1,960 per participant.

**Additional Information:** The EARN program was created in the summer of 2013 to replace the state's work-study program. A qualified employer may be an approved college or university, a unit of state or local government, a not-for-profit organization, or a for-profit company (with preference given to small businesses). The state provides matching funds to pay a portion of the student's salary during the internship. Students work between 12-20 hours during the academic year and 12-40 hours during the summer. The internship must be for at least 8 weeks.

The following table reports the participation of students in the new program.

<b>Reporting Period</b>	<b>Number of Students</b>	<b>Number of Employers</b>	<b>Reimbursement</b>
<b>May 1- August 15, 2013</b>	57	30	\$85,682.95
<b>August 16- December, 2013</b>	61	27	\$21,073.78
<b>January 1- April 30, 2014</b>	23	16	\$19,868.74
<b>May 1- August 15, 2014</b>	154	82	\$346,758.02
<b>August 16- December, 2014*</b>	34*	17*	\$38,960.98*
<b>Total</b>			\$512,344.50

\*Reimbursements for this period of the program are still being submitted and paid so these numbers will change.

Since FY 2014 is the first year for the EARN program, the expenditures in FY 2015 are higher as more students and employers participate.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Commission for Higher Education.

**Local Agencies Affected:**

**Information Sources:** Commission for Higher Education, 317-464-4400.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.